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**Subject:** FW: [healthprivacy-news] Article: "State to Adopt Privacy Rules on Information From Insurers"

Ken, FYI.  
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----- Original Message-----

From: webmaster@healthprivacy.org [mailto:webmaster@healthprivacy.org]  
Sent: Thursday, October 19, 2000 1:38 PM  
To: members@healthprivacy.org  
Subject: [healthprivacy-news] Article: "State to Adopt Privacy Rules on Information From Insurers"

State to Adopt Privacy Rules on Information From Insurers  
The New York Times, October 19, 2000  
By JOSEPH P. FRIED

New York State plans to adopt, within a month, new insurance regulations that will restrict the health and financial information that insurers may share with banks and securities houses about their customers.

The proposed regulations are to be put into effect by the state's Insurance Department to comply with a requirement of federal legislation enacted last year. The law makes it easier for banks, insurance companies and financial brokerage firms to enter one another's businesses or to affiliate, and it requires states to take measures to regulate insurers' sharing of information.

The new federal law has intensified privacy concerns because, for example, it could allow a health or life insurance company affiliated with a bank to give the bank medical information about a policyholder, or someone rejected for a policy, that the bank might use to deny a mortgage, business loan or credit card.

Though not new, fears about such use of insurance company information have increased because mergers or other affiliations involving financial and insurance companies are expected to be more frequent. The new regulations are meant to govern the exchange of information.

The regulations planned in New York would prevent insurance companies from sharing medical records with affiliates or third parties unless the customer consents in writing, said Kevin Rampe, the general counsel for the Insurance Department.

The so-called opt-in agreements would be in effect for 24 months; after that, a new agreement would have to be signed to continue the information sharing.

A different rule would apply to personal financial information held by the insurer. A customer may withhold consent on sharing such information with a third party, but not with an affiliate, Mr. Rampe said. "Federal law says you can't restrict financial information sharing among affiliates."

The planned regulations would permit insurance companies to share health or financial information with law enforcement agencies investigating fraud or other possible crimes, regardless of the customer's preferences, Mr. Rampe said.

New York is one of about 35 states that have no personal information privacy protections in their insurance regulations, Mr. Rampe said, though health laws restrict insurance companies' release of information about people with H.I.V. or AIDS and other laws bar insurance records from being used to locate victims of domestic violence.

Thomas Workman, president of the Life Insurance Council of New York, which represents nearly 70 insurance companies, said his group supported the planned regulations, which, after being adopted in the next few weeks, are to go into effect in July.

The reaction from consumer advocates was mixed.

"It's encouraging that they're giving consumers control over their personal health information, and I hope there are no exceptions that dilute that control," said Russ Haven, legislative counsel with the New York Public Interest Research Group.

But Susan M. Dooha, the health policy director for the Gay Men's Health Crisis, said that in the drafts she had seen, "it wasn't clear what the opting-in and opting-out provisions meant" or how customers would know when or why information about them was being shared.

New Jersey and Connecticut are among the 15 or so states that already have privacy regulations as part of their insurance laws. Connecticut is planning to issue revised rules and the New Jersey Legislature is considering several bills in light of the federal legislation, aides to the states' insurance regulators said.

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